In collaboration with: Standard Chartered, HKTDC 香港貿發局

GBA survey results suggest normalisation underway

- **Our gauge of GBA activity and sentiment shows continued recovery; Q1-2021 growth to normalise**
- **Manufacturers receive strong boost from improved production and exports; credit policy tailwinds fade**
- **Respondents share 2021 business plans, including expanding mainland operations and markets**

Headline sentiment indices climbing above 50

Kelvin Lau
+852 3983 8565
Kelvin.KH.Lau@sc.com
Senior Economist, Greater China
Standard Chartered Bank (HK) Limited

Our GBA Business Confidence Index (GBAI), based on quarterly surveys of over 1,000 companies operating in the Guangdong-Hong Kong-Macau Greater Bay Area (GBA) conducted in collaboration with the Hong Kong Trade Development Council (HKTDC), suggests continued improvement in business confidence in Q4-2020. The GBAI's 'current performance' index for business activity rose above the 50 neutral mark to 50.2 in Q4-2020 from 42.4 in Q3. And while the forward-looking 'expectations' index eased to 54.1 from 56.2 prior, it remains comfortably in expansion territory, reflecting a more normalised pace of improvement with China having passed the steepest part of its post-COVID recovery.

A detailed breakdown shows a broad-based recovery led by production and sales, orders and profits. 'Innovation and technology' was overtaken by 'manufacturing and trading', which posted a sector-best 51.6 for 'current performance' and 55.4 for 'expectations', boosted by robust production and exports. Manufacturing respondents also largely saw their borrowing costs bottom out as monetary policy turned neutral, but this was offset by improved surplus cash and receivables turnover. City-wise, the sub-indices for Dongguan and Foshan outperformed as the cities continued to play catch-up, enjoying a positive spillover from Shenzhen and Guangzhou. Our thematic questions showed that respondents plan to reaccelerate wage hikes in 2021, engage the domestic market more than global regions, and expand operations in larger mainland GBA cities. Respondents also expect the GBA to maintain a competitive edge over other economic zones in China, while citing talent quality as an area of improvement.

Figure 1: GBAI business index and its eight sub-components

	Current performance			Expectations		
	Q4	Q3	Q2	Q4	Q3	Q2
Business index	**50.2**	42.4	37.0	**54.1**	56.2	47.0
1. Production/sales	**47.9**	36.7	27.1	**54.8**	60.0	43.1
2. New orders	**50.4**	40.7	29.4	**53.5**	61.8	50.2
3. Capacity utilisation	**46.3**	40.0	38.9	**53.0**	53.5	47.8
4. Raw material inventory	**50.5**	46.4	46.1	**50.0**	50.8	48.3
5. Prices of finished goods/services	**54.4**	47.3	41.4	**58.7**	53.2	46.4
6. Fixed asset investment	**50.5**	45.3	40.2	**52.6**	55.3	47.3
7. Financing scale	**52.2**	47.3	46.7	**54.1**	55.1	49.3
8. Profit	**49.4**	35.9	26.5	**55.8**	59.9	43.8

Source: HKTDC, Standard Chartered Research

Detailed findings of the GBAI survey for Q4-2020

Our latest GBAI confirms sustained post-COVID improvement in Q4, although the recovery is likely to continue at a more normalised pace in early 2021. Our thematic questions this time looked into respondents' plans for 2021; we present key responses below:

Five of GBAI's eight components returned to above 50 in terms of Q4 'current performance' for business activity

- **Improving to neutral sentiment in Q4:** The GBAI current performance index for business activity rose to 50.2 in Q4 from 42.4 in Q3 (Figure 1). The improvement was once again broad-based, led by 'production/sales' (+11.2pts), 'new orders' (+9.7pts) and 'profit' (+13.5pts). The headline print, along with five of its eight sub-components, returned to above the 50 neutral mark, suggesting the end of contractionary pressure in the region. This is consistent with our view that on a national scale, China's growth has recovered to the pre-COVID level of c.6% (*Q4 GDP growth likely jumped to 6.1% y/y* from 4.9% in Q3). That said, lost output in previous quarters has yet to be fully made up, which may explain the lingering slack in capacity utilisation (the lowest print at 46.3 among our eight GBAI sub-indices) despite growth largely returning to normal.

Previous high GBAI 'expectations' readings for business activity were unlikely to be sustained, with China approaching trend growth and starting to exit accommodative policy

- **Normalising pace of expansion in Q1-2021:** The GBAI expectations index for business activity eased to 54.1 from 56.2, indicating a slower pace of improvement ahead; this is likely because the economy has already witnessed the steepest part of its post-COVID rebound and has returned to trend growth. We forecast overall GDP growth will accelerate to 8.0% in 2021 from 2.3% in 2020, albeit largely boosted by a low base; *however, we foresee a downtrend in q/q growth in 2021* as China exits its accommodative policy. Nonetheless, we believe the GBA's prime position to benefit from improving local and global demand helped keep all GBAI expectations components in expansion territory, backed by the region's strong manufacturing base, rising consumption and innovation drive. It is worth noting that 'prices of finished goods and services' rose q/q, hinting at a potential build-up of inflation pressure (though currently benign) as businesses face higher raw material costs and an appreciating CNY.

- **Neutral credit conditions on balance:** The GBAI current performance index for credit rose to 49.6 from 45.9 prior mainly due to easing cash-flow stress, reflected in the surplus cash (+12.6pts) and receivables turnover (+7.1pts) sub-indices (Figure 2). This performance is likely due to tailwinds from prior monetary policy easing and healthier supply chains as the economy recovers, which likely drove banks to lend more willingly than before (to 50.3 from 48.6 prior). However, the bottoming out of borrowing costs offset such improvements: the sub-indices for bank and non-bank financing costs eased towards 50, confirming

Both current and expected credit conditions returning to neutral

Figure 2: Current credit indices converging towards the 50 mark

Five sub-components of our GBAI's credit indices – current vs expectations

	Current performance			Expectations		
	Q4	Q3	Q2	Q4	Q3	Q2
Credit Index	**49.6**	45.9	45.3	**50.8**	52.4	50.4
1. Bank financing cost *	**49.8**	51.8	54.9	**48.3**	48.4	53.7
2. Non-bank financing cost *	**50.9**	51.7	53.5	**49.8**	48.3	52.2
3. Banks' attitude towards lending	**50.3**	48.6	54.8	**50.4**	52.7	51.4
4. Surplus cash	**50.0**	37.4	30.6	**53.1**	57.1	46.9
5. Receivables turnover	**47.3**	40.2	32.6	**52.5**	55.3	47.7

* Index above 50 indicates lower cost; Source: HKTDC, Standard Chartered Research

a more neutral monetary policy backdrop. Our expectations index for credit slipped to 50.8 from 52.4 prior, pointing to a slower pace of improvement in respondents' cash positions in the coming quarter, while bank financing costs could start to rebound, especially for manufacturers. That said, we believe outright policy tightening, including a policy rate hike, will be premature due to expected low inflation and China's significant yield spread relative to major economies.

Robust production – recently boosted by strong exports – helped fuel optimism among manufacturers

- **Manufacturing sector outperformed:** The 'manufacturing and trading' sub-index for current business performance saw the biggest q/q jump in Q4 (+8.3pts), making it the best-performing sector (Figure 3). The strong improvement was likely due to robust production activity in recent months, supported by a recovery in domestic demand and strong exports. The rest of the world leaned heavily on China's production capacity while battling sporadic COVID resurgence. Manufacturing respondents reported a sector-best 55.4 in the 'expectations' sub-index, likely boosted by the prospect of vaccine rollouts lifting global growth and expectations of a more predictable (though still competitive) US-China relationship under a Biden administration. 'Innovation and technology', which had led previous surveys, remained a close second in both current performance (50.7) and expectations (52.4). Strong expected policy support as China promotes greater technological self-reliance remains a key reason for optimism; the 15.6pt q/q drop in the sector's expectations sub-index likely represents an overdue normalisation rather than a setback.

Improving borrowing cost remains a tailwind for non-manufacturing sectors for now

- **More evidence of a broadening domestic recovery:** 'Retail and wholesale' reported a 5.9pt increase in 'current performance' for business activity, the second-largest after manufacturing. This suggests services may be catching up to industrial production, though the gap between the sectors remains wide. A breakdown shows that retail posted the highest 'financing cost' scores (i.e., the fastest improvement in borrowing cost) among sectors. Its 'bank financing cost' sub-index was 55.9 for current and 56.1 for expectations versus 48.7 and 46.8, respectively, for manufacturing respondents (Figure 4).

Figure 3: GBAI's industry business sub-indices

Business activity	Current performance			Expectations		
	Q4	Q3	Q2	Q4	Q3	Q2
Manufacturing and trading	**51.6**	43.3	37.1	**55.4**	57.2	46.9
Retail and wholesale	**42.8**	36.9	36.0	**47.8**	50.5	46.1
Financial services	**40.8**	38.9	35.5	**48.7**	46.5	49.7
Professional services	**40.2**	38.4	37.9	**43.4**	47.6	45.9
Innovation and technology	**50.7**	46.9	40.1	**52.4**	68.0	59.9

Source: HKTDC, Standard Chartered Research

Figure 4: GBAI's industry credit sub-indices

Credit	Current performance			Expectations		
	Q4	Q3	Q2	Q4	Q3	Q2
Manufacturing and trading	**49.9**	46.5	45.5	**50.6**	52.8	50.6
Retail and wholesale	**49.4**	41.7	43.3	**52.8**	49.1	48.5
Financial services	**45.9**	44.9	48.1	**50.6**	51.1	48.7
Professional services	**44.8**	45.2	45.0	**46.9**	48.4	46.7
Innovation and technology	**51.7**	48.9	46.0	**52.2**	59.1	60.7

Source: HKTDC, Standard Chartered Research

Non-core cities, such as Dongguan and Foshan, outperformed this time

- **Non-core cities playing catch-up:** All city sub-indices for current performance of business activity improved q/q in Q4, but non-core cities posted the biggest gains (Figure 5). For example, Foshan and Dongguan rose 15.6pts and 13.8pts, respectively, versus 7.6pts for Shenzhen and 4.4pts for Guangzhou. We believe non-core cities' slower start on a post-COVID recovery path helped them post a faster rebound in Q4. We see this pace being sustained in Q1-2021 as more *export-oriented SMEs* located outside Shenzhen and Guangdong – which may not have benefited much from accommodative policies – finally start to record turnarounds. Meanwhile, Hong Kong stayed below 40 in terms of current performance of business activity, reflecting still-strong contractionary pressure as it deals with incidences of COVID resurgence. Hong Kong could remain an underperformer within the GBA for longer as headwinds linger from widespread travel bans and its still-rising local unemployment rate, keeping the city's recovery shallow in 2021.

Capacity utilisation has lagged orders and hiring recovery

- **Current versus pre-COVID:** Our thematic questions this time focused on respondents' plans for 2021. Before delving into this, we asked about their business operating levels versus pre-outbreak (Figure 7). In line with our quarterly index findings, respondents reported the quickest recovery in orders on the back of domestic policy support and recovering global demand. 26% reported orders surpassing pre-COVID levels and 33% reported being at over-90% prior levels. 12% and 10% of respondents are operating above pre-COVID levels in terms of workforce and capacity utilisation, respectively. Another 56% are operating at over-90% of their prior workforce levels, and a corresponding 41% respondents in terms of capacity utilisation. The slower recovery in capacity utilisation supports our finding that the GBAI's capacity utilisation sub-index was the lowest (46.3) among all GBAI components for current business activity in Q4, indicating lingering slack in the economic system (Figure 1).

Figure 5: GBAI's city business sub-indices

Business activity	Current performance			Expectations		
	Q4	Q3	Q2	Q4	Q3	Q2
Hong Kong	**34.9**	29.6	30.3	**38.3**	38.0	35.4
Guangzhou	**48.7**	44.3	37.4	**51.1**	56.2	51.4
Shenzhen	**51.8**	44.2	41.2	**56.9**	62.7	51.2
Foshan	**59.3**	43.7	34.3	**60.2**	58.8	46.6
Dongguan	**56.4**	42.6	31.5	**59.6**	59.5	43.0
Macao and other cities	**55.8**	49.3	37.7	**61.1**	55.0	47.6

Source: HKTDC, Standard Chartered Research

Figure 6: GBAI's city credit sub-indices

Credit	Current performance			Expectations		
	Q4	Q3	Q2	Q4	Q3	Q2
Hong Kong	**44.7**	41.9	40.8	**46.2**	45.9	43.1
Guangzhou	**48.2**	48.6	46.0	**48.1**	49.9	53.2
Shenzhen	**50.5**	46.2	47.7	**50.6**	56.0	52.3
Foshan	**53.5**	44.5	48.5	**53.6**	52.5	54.4
Dongguan	**51.2**	46.1	41.5	**53.0**	55.5	48.2
Macao and other cities	**52.1**	47.5	44.1	**57.7**	50.6	50.7

Source: HKTDC, Standard Chartered Research

Respondents are most optimistic on China's domestic market

- **Thematic questions on plans for 2021:** In terms of wages, businesses plan to hike wages by an average 2.5% in 2021, up from 1.4% in 2020, with the improvement driven largely by the migration of respondents to the +5% and +10% buckets in 2021 from 'no change' in 2020. This increased willingness to hike wages is likely due to the fact that only 12% of respondents are now operating at under 70% of pre-COVID workforce levels. We also asked respondents if they planned to change market exposure across regions (Figure 8). Over 90% already have or plan to have exposure to China's domestic market, followed by less than 40% saying they would have or boost exposure to the US and Europe markets. 36% of respondents plan to do more business, or start doing business, in the domestic market on the back of likely continued growth outperformance for China (and the GBA region) compared with most other global markets for much of 2021. We believe that companies considering expanding into ASEAN markets (and the rest of Asia) have the potential to grow much more than the current survey results suggest, whether with a view to *diversifying production, saving wages or tapping ASEAN's growing consumer market*.

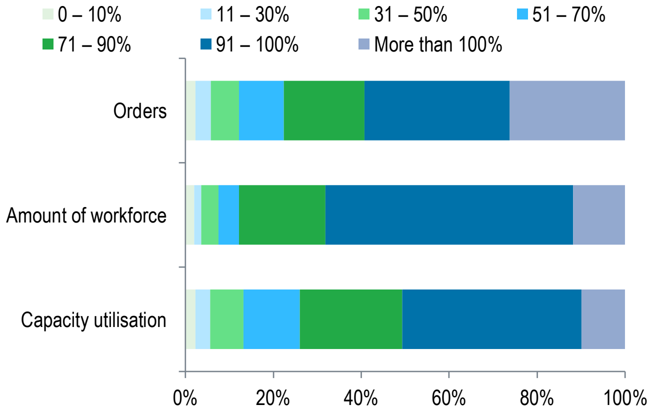
Respondents remain most eager to expand their operations in Shenzhen and Guangzhou

We also asked respondents which GBA cities they currently operate in, and what their expansion plans are for 2021 (Figure 11). It is worth noting here that our respondents seem to have a materially larger presence in all cities versus the cities' allotted survey sampling size, reflecting GBA companies' entrenched practice of operating in multiple cities (see Appendix). Shenzhen and Guangzhou have the largest existing respondent presence (55% and 58% respectively) as well as the highest share of those planning to expand their business there in 2021 (18% and 16% respectively). Dongguan and Foshan also appear to be showing a higher respondent presence, likely because they are better integrated with Shenzhen and Guangzhou, and benefit from a spillover effect. Integration between mainland cities and Hong Kong and Macau, or between core and other non-core cities is ongoing, albeit at slower speeds.

A substantial 45% of respondents see further global COVID-19 disruption as their biggest concern for 2021 (Figure 9), followed by a further escalation in US-China tensions at a distant second (14%). Further Renminbi volatility and another growth slowdown in China (both 11%) make up the top four concerns.

Figure 7: At what level is your business currently operating, versus pre-COVID?

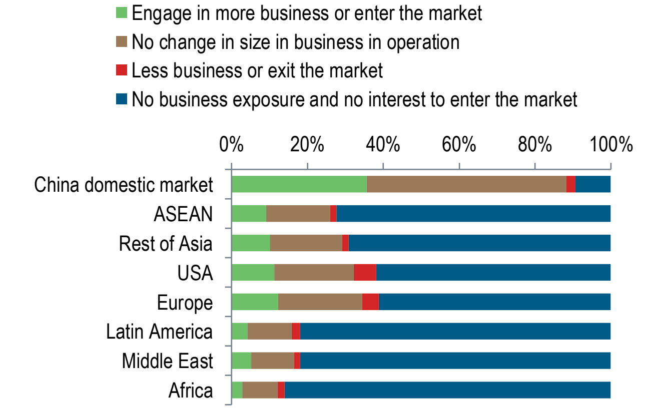
% of respondents



Source: HKTDC, Standard Chartered Research

Figure 8: What is your business plan for the following markets in 2021?

% of responses

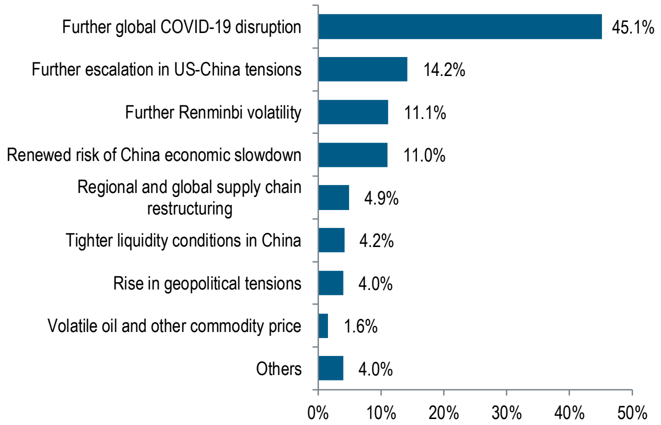


Source: HKTDC, Standard Chartered Research

Respondents believe the GBA has a leading advantage over other Chinese economic zones

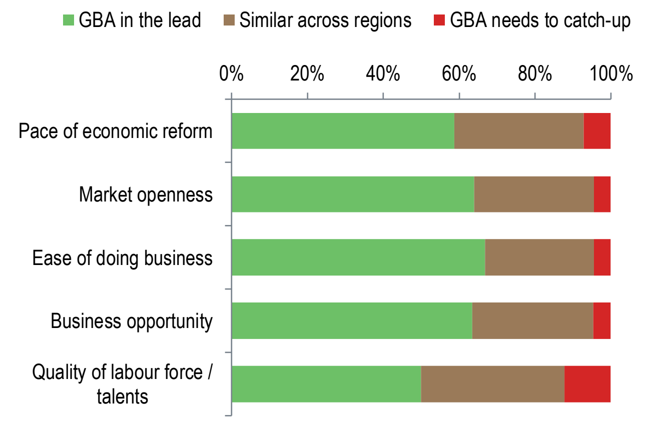
Finally, most of our respondents believe the GBA has established a clear lead over other economic zones in China in terms of economic reform pace, market openness, ease of doing business and business opportunity. While 12% of respondents noted that the GBA needs to catch up with other economic zones in terms of quality of labour force and the talent pool, half still responded favourably on this count. Further integration between GBA cities should boost the region's ability to attract high-end talent via a *siphoning effect*, i.e., the GBA's innovation drive, industrial upgrading, higher wages and favourable residential policies should make it competitive in job creation and create a 'siphoning in' effect of not just rural workers, but also high-end talent from other major Chinese cities.

Figure 9: What are your biggest concerns for 2021?
Can choose multiple answers, % of respondents



Source: HKTDC, Standard Chartered Research

Figure 10: How do you compare the GBA's prospects with other economic zones* in China? *(% of responses)*



* Yangtze River Delta, Beijing-Tianjin-Hebei, Chengdu-Chongqing; Source: HKTDC, Standard Chartered Research

Figure 11: Do you currently operate in the following GBA cities, and how do you expect your business plan to change in these cities in 2021? *(% of respondents)*

	Yes			No	
	Will expand in 2021	**No change in 2021**	**Will reduce size of operation in 2021**	**Have plan to expand there in 2021**	**No plan to expand there in 2021**
Hong Kong	8.1	34.8	2.2	3.6	51.2
Macao	3.4	11.8	0.7	5.0	79.1
Guangzhou	16.3	39.5	1.7	3.6	38.9
Shenzhen	18.1	35.2	1.5	4.4	40.8
Foshan	11.6	26.4	1.5	3.2	57.3
Dongguan	11.6	28.6	1.8	3.7	54.4
Huizhou	6.9	23.5	1.6	3.8	64.3
Zhongshan	7.6	25.8	1.7	3.6	61.3
Jiangmen	5.8	21.5	1.8	3.8	67.1
Zhuhai	6.0	20.4	1.7	4.2	67.7
Zhaoqing	4.2	18.4	1.7	3.5	72.1

Source: HKTDC, Standard Chartered Research

The GBAI is a diffusion index based on responses from no less than 1,000 enterprises across 11 GBA cities and key industry sectors

Appendix: How the GBAI works

The GBAI is compiled based on a quarterly survey conducted by the HKTDC in collaboration with Standard Chartered. Every quarter, no less than 1,000 enterprises in key business sectors across the GBA provide valuable feedback on a range of subjects, including their current business situation and credit conditions, and their outlooks on these subjects for the coming quarter. The GBAI also asks respondents thematic questions that help us understand what drives their business decisions and plans, and how this might shape the GBA's future.

Index calculation: The GBAI comprises two main business indices, one gauging 'current performance' (in this case 2020 Q4), and the other looking at 'expectations' (2021 Q1). Each index is calculated as an average of eight sub-indices that reflect different aspects of business activity, as outlined in Figure 1. Respondents indicate the corresponding changes, actual or expected, in three ways: up, same or down; a diffusion index is then calculated using the following formula:

$$\text{Up\%} \times 100 + \text{Same\%} \times 50 + \text{Down\%} \times 0$$

An index reading above 50.0 means that respondents are generally optimistic about the business environment in the coming quarter, while a reading below 50.0 indicates predominantly pessimistic sentiment. A reading of 50 is neutral.

The two credit indices are calculated in the same way, but with five of their own sub-components that focus on measuring the costs and ease of obtaining credit, and respondents' willingness and/or eagerness to do so (Figure 2).

Sample distribution: The sub-indices above are weighted according to the sample sizes and GDP of these industries in the respective cities. Figure 11 shows the distribution of survey responses, which are based on the cities' industrial sectors and number of enterprises. The five designated industrial sectors are (1) manufacturing and trading, (2) retail and wholesale, (3) financial services, (4) professional services, and (5) innovation and technology. By GBA city, Hong Kong, Guangzhou and Shenzhen have the largest samples, of 200 each.

Figure 12: GBAI

Number of respondents

By city	Targeted respondents
Hong Kong	200
Guangzhou	200
Shenzhen	200
Foshan	100
Dongguan	100
Huizhou, Zhongshan, Jiangmen, Zhuhai, Zhaoqing, Macau	200
Total	**1,000**

By industry	Targeted respondents
Manufacturing and trading	500
Retail and wholesale	200
Financial services	125
Professional services	125
Innovation and technology	50
Total	**1,000**

Source: HKTDC, Standard Chartered Research

Disclosures appendix

Analyst Certification Disclosure: The research analyst or analysts responsible for the content of this research report certify that: (1) the views expressed and attributed to the research analyst or analysts in the research report accurately reflect their personal opinion(s) about the subject securities and issuers and/or other subject matter as appropriate; and, (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report. On a general basis, the efficacy of recommendations is a factor in the performance appraisals of analysts.

personal recommendation or investment advice as defined by MiFID II. **Australia:** The Australian Financial Services Licence for Standard Chartered Bank is Licence No: 246833 with the following Australian Registered Body Number (ARBN: 097571778). Australian investors should note that this communication was prepared for “wholesale clients” only and is not directed at persons who are “retail clients” as those terms are defined in sections 761G and 761GA of the Corporations Act 2001 (Cth). **Bangladesh:** This research has not been produced in Bangladesh. The report has been prepared by the research analyst(s) in an autonomous and independent way, including in relation to SCB. THE SECURITIES MENTIONED IN THIS REPORT HAVE NOT BEEN AND WILL NOT BE REGISTERED IN BANGLADESH AND MAY NOT BE OFFERED OR SOLD IN BANGLADESH WITHOUT PRIOR APPROVAL OF THE REGULATORY AUTHORITIES IN BANGLADESH. Any subsequent action(s) of the Recipient of these research reports in this area should be subject to compliance with all relevant law & regulations of Bangladesh; especially the prevailing foreign exchange control regulations. **Botswana:** This document is being distributed in Botswana by, and is attributable to, Standard Chartered Bank Botswana Limited, which is a financial institution licensed by Bank of Botswana under Section 6 of the Banking Act CAP 46.04 and is listed on the Botswana Stock Exchange. **Brazil:** SCB disclosures pursuant to the Securities Exchange Commission of Brazil (“CVM”) Instruction 598/18: This research has not been produced in Brazil. The report has been prepared by the research analyst(s) in an autonomous and independent way, including in relation to SCB. THE SECURITIES MENTIONED IN THIS REPORT HAVE NOT BEEN AND WILL NOT BE REGISTERED PURSUANT TO THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE COMMISSION OF BRAZIL AND MAY NOT BE OFFERED OR SOLD IN BRAZIL EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS AND IN COMPLIANCE WITH THE SECURITIES LAWS OF BRAZIL. **China:** This document is being distributed in China by, and is attributable to, Standard Chartered Bank (China) Limited which is mainly regulated by China Banking and Insurance Regulatory Commission (CBIRC), State Administration of Foreign Exchange (SAFE), and People’s Bank of China (PBoC). **Hong Kong:** This document (except any part advising on or facilitating any decision on futures contracts trading) is being distributed in Hong Kong by, and any part hereof authored by an analyst licensed in Hong Kong is attributable to, Standard Chartered Bank (Hong Kong) Limited 渣打銀行（香港）有限公司 which is regulated by the Hong Kong Monetary Authority. Insofar as this document advises on or facilitates any decision on futures contracts trading, it is being distributed in Hong Kong by, and any part hereof authored by an analyst licensed in Hong Kong is attributable to, Standard Chartered Securities (Hong Kong) Limited 渣打證券（香港）有限公司 which is regulated by the Securities and Futures Commission. **India:** This document is being distributed in India by Standard Chartered Bank, India Branch (“SCB India”). SCB India is a branch of SCB, UK and is licensed by the Reserve Bank of India to carry on banking business in India. SCB India is also registered with Securities and Exchange Board of India in its capacity as Merchant Banker, Depository Participant, Bankers to an Issue, Custodian, etc. For details on group companies operating in India, please visit *https://www.sc.com/in/important-information/india-result/*. **Indonesia:** Standard Chartered Bank, Jakarta Branch is a banking institution duly registered with and supervised by the Indonesian Financial Service Authority. The information in this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices or represent that any such future movements will not exceed those shown in any illustration. Future changes in such laws, rules, regulations, etc., could affect the information in this document, but SCB is under no obligation to keep this information current or to update it. Expressions of opinion are those of SCB only and are subject to change without notice. **Japan:** This document is being distributed to Specified Investors, as defined by the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, known as “FIEA”), for information only and not for the purpose of soliciting any Financial Instruments Transactions as defined by the FIEA or any Specified Deposits, etc. as defined by the Banking Act of Japan (Act No.59 of 1981). **Kenya:** Standard Chartered Bank Kenya Limited is regulated by the Central Bank of Kenya. The information in this document is provided for information purposes only. The document is intended for use only by Professional Clients and should not be relied upon by or be distributed to Retail Clients. **Korea:** This document is being distributed in Korea by, and is attributable to, Standard Chartered Bank Korea Limited which is regulated by the Financial Supervisory Service and Financial Services Commission. **Macau:** This document is being distributed in Macau Special Administrative Region of the Peoples' Republic of China, and is attributable to, Standard Chartered Bank (Macau Branch) which is regulated by Macau Monetary Authority. **Malaysia**: This document is being distributed in Malaysia by Standard Chartered Bank Malaysia Berhad only to institutional investors or corporate customers. Recipients in Malaysia should contact Standard Chartered Bank Malaysia Berhad in relation to any matters arising from, or in connection with, this document. **Mauritius:** Standard Chartered Bank (Mauritius) Limited is regulated by both the Bank of Mauritius and the Financial Services Commission in Mauritius. This document should not be construed as investment advice or solicitation to enter into securities transactions in Mauritius as per the Securities Act 2005. **New Zealand:** New Zealand Investors should note that this document was prepared for “wholesale clients” only within the meaning of section 5C of the Financial Advisers Act 2008. This document is not directed at persons who are “retail clients” as defined in the Financial Advisers Act 2008. NOTE THAT STANDARD CHARTERED BANK (incorporated in England) IS NOT A “REGISTERED BANK” IN NEW ZEALAND UNDER THE RESERVE BANK OF NEW ZEALAND ACT 1989, and it is not therefore regulated or supervised by the Reserve Bank of New Zealand. **Pakistan:** The securities mentioned in this report have not been, and will not be, registered in Pakistan, and may not be offered or sold in Pakistan, without prior approval of the regulatory authorities and/or relevant governmental statutory body(ies) in Pakistan. **Philippines:** This document may be distributed in the Philippines by Standard Chartered Bank (Philippines) (“SCB PH”) to Qualified Buyers as defined under Section 10.1 (L) of Republic Act No. 8799, otherwise known as the Securities Regulation Code (“SRC”), other corporate and institutional clients only. SCB PH does not warrant the appropriateness and suitability of any security, investment or transaction that may have been discussed in this document with respect to any person. Nothing in this document constitutes or should be construed as an offer to sell or distribute securities in the Philippines, which securities, if offered for sale or distribution in the Philippines, are required to be registered with the Securities and Exchange Commission unless such securities are exempt under Section 9 of the SRC or the transaction is exempt under Section 10 thereof. SCB PH is regulated by the Bangko Sentral ng Pilipinas (BSP) (e-mail: *consumeraffairs@bsp.gov.ph*). Any complaint in connection with any product or service of, or offered through, the Bank should be directed to the Bank’s Client Services Group via e-mail at *straight2bank.ph@sc.com* (or any other contact information that the Bank may notify you from time to time). **Singapore:** This document is being distributed in Singapore by Standard Chartered Bank (Singapore) Limited (UEN No.: 201224747C) only to Accredited Investors, Expert Investors or Institutional Investors, as defined in the Securities and Futures Act, Chapter 289 of Singapore. Recipients in Singapore should contact Standard Chartered Bank (Singapore) Limited (as the case may be) in relation to any matters arising from, or in connection with, this document. **South Africa:** Standard Chartered Bank, Johannesburg Branch (“SCB Johannesburg Branch”) is a Registered Credit Provider in terms of the National Credit Act 34 of 2005 under registration number NCRCP4. **Thailand:** This document is intended to circulate only general information and prepare exclusively for the benefit of Institutional Investors with the conditions and as defined in the Notifications of the Office of the Securities and Exchange Commission relating to the exemption of investment advisory service, as amended and supplemented from time to time. It is not intended to provide for the public. **UAE:** For residents of the UAE – Standard Chartered Bank UAE does not provide financial

Document approved by
Shuang Ding
Chief Economist, Greater China and North Asia

Document is released at
$PubTime$